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Weekly Intelligence Summary No. 34

SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

Preparations for operation of the stepped-up Berlin airlift under winter conditions have resulted in a diversion of trans-Atlantic civil air traffic from Rhein Main airfield (Frankfurt) to Eschterdingen (Stuttgart). After 1 November, Frankfurt will be utilized almost exclusively for airlift purposes. (Item No. 1, B)

The Italian Government, in spite of the applications of five rival Italian airlines for the right to inaugurate an Italian Rome-New York air service, will almost certainly withhold a franchise for this route until Italian technical and economic conditions have improved. (Item No. 2, C)

The Governments of Norway and Denmark have notified the International Civil Aviation Organization (ICAO) that they may request ICAO financial assistance to provide in their territories air navigation facilities and services in accordance with ICAO standards. (Item No. 3, C)

The French conviction that a well-balanced merchant fleet is a sine qua non to recovery, is reflected in the large proportion of ERP funds which have been allocated to merchant fleet reconstruction. These funds should help to stabilize the domestic shipbuilding program which has been impaired by the generally precarious economic position of the country. (Item No. 4, C)

Brazil is now striving to acquire a tanker fleet of sufficient size to guarantee maintenance of the country's requirements in the event of hostilities abroad and is, therefore, supplementing a domestic construction program with orders for foreign-built tankers. (Item No. 5, C)

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SECTION II. CURRENT DEVELOPMENTS

CIVIL AVIATION

1. Preparations for operation of the stepped-up Berlin airlift under winter conditions have resulted in a diversion of trans-Atlantic civil air traffic from Rhein Main airfield (Frankfurt) to Echterdingen (Stuttgart). After 1 November, Frankfurt will be utilized almost exclusively for airlift purposes. (A small number of non-military landings will continue at Frankfurt for maintenance of civil air communications on behalf of the United States Mission.) Meanwhile, facilities at Echterdingen are being rapidly enlarged and improved to accommodate the new traffic load. STAT
2. The Italian Government has recently stated that the first prerequisite for inauguration of an Italian Rome-New York air service would be unification of the several Italian air carriers now operating to foreign countries. This decision was reached after having considered the applications of five rival Italian airlines for the right to inaugurate such a service. Despite the Government ruling, some of the airlines have opened negotiations with certain US air carriers for the purpose of obtaining four-engine, long-range transport aircraft on a lease or charter basis, in the belief that the first Italian company to acquire suitable aircraft and facilities will obtain the route franchise. The Government, however, aware of the probability that it would be asked to underwrite an American loan for trans-Atlantic equipment and might then be called upon to subsidize the service for reasons of national prestige, will almost certainly withhold a franchise for this route until Italian technical and economic conditions have improved. STAT
3. The Governments of Norway and Denmark have notified the International Civil Aviation Organization (ICAO) that they may, at a future date, request ICAO financial assistance to provide in their territories air navigation facilities and services in accordance with ICAO standards. A formal request for aid has already been received from Greece and a similar financial assistance project for Iceland is in the final stages of implementation. Previous international joint support projects established a chain of North Atlantic weather stations and a LORAN (long range radio aid to navigation) station at Vik, Iceland. Similar programs would be adaptable to the technical needs of certain other international air routes including points in British, French, Italian, Austrian, and Chinese territory, as well as in several Central American countries.

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All ICAO member states are obligated to provide adequate international air facilities as recommended by ICAO in the extent to which they are financially and technically able to do so. However, many contracting states which are strategically located along major world airline routes have been unable to comply with ICAO recommendations. This condition was anticipated in a unique provision of the Convention establishing ICAO, which enables the ICAO Council to arrange joint financing measures among those nations whose international airlines would benefit through the modernization of substandard air navigation facilities in such countries. Costs are defrayed in proportion to the relative use of the facilities. Thus, the US, as the world's largest operator of international air services, becomes the major contributor of financial aid in the development of adequate air navigation facilities for international use.

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SURFACE TRANSPORTATION

6. The concern of France over its position as a maritime power is reflected in the large proportion of ERP funds which have been allocated to merchant fleet reconstruction. In a recent supplemental program, allocating 70 billion francs (from ERP funds and funds derived from sale of ERP goods) to French basic industries, 5 billion francs (\$15,750,000 at the legal rate of exchange) were set aside for the merchant marine and fishing fleet. This amount is only slightly less than the 5.9 billion francs allocated to the railroads in the same program.

Although France possesses more tonnage than before the war and her position among maritime nations is now sixth compared with eighth in 1939, the quality of that tonnage compares unfavorably with the fleets of some of its major competitors. Allocation of such a large proportion of recovery funds to the maritime industry, should help to stabilize the domestic shipbuilding program which has been impaired by the generally precarious economic position of the country. This support for the maritime industry, moreover, demonstrates the French conviction that a well-balanced fleet is a sine qua non to recovery.

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6. Brasil is now striving to acquire a tanker fleet of sufficient size to guarantee maintenance of the country's oil requirements in the event of hostilities abroad. Despite some indigenous production, Brasil is dependent upon imports for the major portion of its petroleum products and is acutely aware of its dependence upon foreign-flag oil tanker tonnage.

In prewar years, no difficulty was experienced in finding foreign tankers to supply domestic needs and Brasil made no effort to maintain its own fleet. In postwar years, however, Brasil has been hampered in its plans for the expansion of the national economy by the general scarcity of tanker tonnage and is, therefore, supplementing a domestic construction program with orders for foreign-built tankers.

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